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CENTRAL INTELLIGENCE AGENCY  
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MEMORANDUM

THE CUBAN ECONOMY: MODEL FOR THIRD WORLD DEVELOPMENT?

Summary

The Cuban Revolution--one of the few true revolutions of the twentieth century--generally can be described as an economic failure and a socio-economic/political success.

Twenty years after the establishment of a centrally planned non-market economy, the Cuban economic experiment has failed by most economic measures used to evaluate Western economies:

- Real economic growth has been minimal and has barely exceeded population growth.
- Dependence on foreign trade in general and on sugar in particular for Cuba's economic livelihood has increased.
- Massive infusions of economic aid, mainly from the USSR, are required to meet Cuba's basic investment and consumption needs.

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This memorandum was prepared by [redacted] Latin America Division, Office of Political Analysis. [redacted]

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[redacted] It has been reviewed by the National Intelligence Officer for Latin America and the Clandestine Services. This memorandum reflects information available through 10 February 1980. Questions and comments may be directed to Chief, Cuban Analytic Center, [redacted]

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Cuba's economic shortfalls have been offset partially by its socio-economic and political achievements. These achievements include:

- An egalitarian redistribution of income.
- The virtual elimination of malnutrition, and overt unemployment and inflation.
- The establishment of a national health care program superior to those in the rest of the Third World, and in some instances, equal to the programs in the developed countries.
- A large-scale public education program that has effectively eliminated illiteracy and has significantly upgraded Cuban educational levels.
- A relatively well-disciplined and motivated population--by Third World standards--possessing a strong sense of nationhood.
- International recognition as a major political actor, manifested by Cuba's recently acquired leadership of the Non-aligned Movement.

These successes have been costly, however. Economic egalitarianism has resulted in the stifling of private initiative, low labor productivity, and the diversion of scarce resources from the productive sector. Although disguised, large-scale unemployment and underemployment still exist, and socialist-style inflation in the form of a black market is extensive. Political stability has been achieved but only at the cost of a totalitarian state and the departure in the early years of the Revolution of nearly 10 percent of Cuba's population, including most of its managerial class.

Internationally, the Cuban economic development model has elicited admiration or at least reluctant respect from most of the Third World. The leaders of many of the least developed states admire Cuba's success in addressing the symptoms, if not the causes, of the socio-economic ills that beset virtually all Third World countries. Confronted with these seemingly intractable problems, they appear less concerned with the costs associated with the Cuban approach and tend to ignore the importance of the massive infusions of foreign aid which they have

*virtually no chance of obtaining. Leaders of some of the less impoverished states who do not aspire to the Cuban economic model nonetheless harbor a reluctant respect for Cuba's achievements.*

#### I. The Cuban Economy: Performance, Structure, and Dependency

The establishment of a centrally planned, non-market economy and the reorientation of economic ties from the capitalist to the socialist world have failed to generate sustained economic growth in Cuba, to alter its basic economic structure, or to relieve its dependence on foreign capital. Indeed, Cuba today not only depends more heavily on sugar and foreign markets for its economic viability, but requires massive infusions of Soviet aid just to meet its basic consumption and investment needs.

##### Growth: Slow and Unbalanced

The overall performance of the Cuban economy since the Revolution has been slow, erratic, and asymmetrical. Real GNP growth is estimated to have averaged only about 2.5 to 3.0 percent per annum and only about 1.0 percent on a per capita basis. Moreover, development has been uneven and unbalanced because of quixotic shifts in priorities, inefficient allocation of resources, and mismanagement. Cuba's policy of exploiting its comparative advantage in sugar has retarded both export diversification and development of domestic markets. Massive infusions of Soviet aid, however, have enabled Cuba to consume and invest more than it produces.

##### Agriculture

The effect of shifting priorities and monocultural dependence is particularly evident in the agricultural sector, where sugar output has fluctuated widely and non-sugar agriculture has suffered perennial neglect.

Sugar production, despite its high priority, has registered a mixed performance at best. After more than a decade of fluctuating output, the industry appeared to be stabilizing

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by the late 1970s: sugarcane yields had improved considerably, milling yields had returned to pre-Revolution highs, the harvest was being increasingly mechanized, and production was on a steady upward trend. Now, however, the onset of a serious plant disease--sugar cane rust--has dealt the industry a setback. As a result, the 1979-1980 sugar crop may decline significantly, perhaps to levels of the mid-1970s.

TABLE 1

Cuban Sugar Production  
(1000 metric tons)

1955/56	4807	1968/69	4459
1956/57	5742	1969/70	8538
1957/58	5863	1970/71	5925
1958/59	6039	1971/72	4325
1959/60	5943	1972/73	5253
1960/61	6876	1973/74	5925
1961/62	4882	1974/75	6314
1962/63	3882	1975/76	6165
1963/64	4474	1976/77	6600
1964/65	6156	1977/78	7350
1965/66	4537	1978/79	8000
1966/67	6236	1979/80	6000 (est.)
1967/68	5164		

Although the relative importance of sugarcane harvesting and milling to GNP has declined slightly under Castro, Cuba's continued dependence on a single crop, combined with its dependence on foreign trade, indicates a significant increase in sugar's influence on the level of economic activity.

Comparison of Sugar Exports  
to Total GNP (Million US\$)

	<u>1957-58 Average</u>	<u>1977-78 Average</u>
Sugar Exports	621	3,392
GNP	2,770	12,575
Sugar Exports/GNP	22%	27%

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Non-sugar agriculture, on the other hand, has performed dismally primarily because of neglect (see Table 2). Havana allocates the bulk of such materials as fertilizer and insecticides to the sugar sector, much to the detriment of other crops. Non-sugar agriculture, controlled generally by private farmers, also lacks price incentives and capital, partly because of the long-term government effort to nationalize these last vestiges of capitalism.

Industry

Non-sugar industrial output has more than doubled since 1959, in part a result of a concerted policy to reduce import dependence by fully utilizing existent capacity. The major advances have occurred in food processing, textile production, petroleum refining, electrical power output, and cement production. The growth in the food processing industry, however, has suffered because of the lag in agriculture. The import substitution efforts have not significantly reduced industry's dependence on foreign markets, particularly for capital goods and raw materials.

Other

Other sectors--construction, transportation, and services--have recorded varying degrees of growth. Slow through the 1960s, construction picked up considerably in the 1970s as Cuba renewed its effort to expand the infrastructure and industrial base, using large Soviet development credits and drawing on the increased production of construction materials. The transportation sector also has expanded but remains seriously mismanaged and deficient for both freight and passenger traffic because of equipment and spare parts shortages. The service sector, reflecting the emphasis on health and education, expanded sharply during the early years of the Revolution but has grown more slowly in the past decade.

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TABLE 2  
NON-SUGAR AGRICULTURAL PRODUCTION

	1000 Metric Tons						
	<u>1957</u>	<u>1965</u>	<u>1970</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
<b>Export Crops</b>							
Tobacco	52	35	32	41	51	NA	NA
Coffee	44	24	20	18	19	16	NA
<b>Foodstuffs</b>							
Grains (Rice)	438 (260)	82 (50)	312 (291)	362 (338)	354 (335)	349 (330 est.)	400 est. (380)
Root Crops	724	281	136	332	NA	349	NA
Vegetables	NA	273	157	449	NA	311	NA
Fruits (Citrus)	612 (150)	393 (116)	330 (164)	577 (182)	NA	586 (219)	650 (280)
<b>Livestock</b>							
Beef	335	307	341	219	262	NA	NA
Milk	261	231	214	454	528	NA	NA
Eggs (Million Dozen)	22	77	117	146	142	NA	NA
Pork	42	18	12	38	46	NA	NA
Poultry	14	34	20	56	62	NA	NA
Seafood	21	20	106	143	194	185	213

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Foreign Trade

Overall development of the Cuban economy is even more dependent on foreign trade than before the Revolution. The Cuban development strategy of exploiting its comparative advantage in sugar rather than developing import substitution industries has resulted in a foreign trade growth rate above that in GNP. The increase in foreign trade dependence--the extent the economy is geared to export production and is reliant on imports--can be seen in the following tabulation:

	Exports/GNP	Imports/GNP	Total Trade/GNP
1958	28%	30%	58%
1978	34%	35%	69%

Exports

Cuba's monocultural dependence is nowhere more evident than in its export sector. The emphasis on sugar and the highly subsidized Soviet prices for it have led to a decrease in the importance of other exports--primarily nickel, tobacco, and seafood--despite nearly across the board gains:

	1958 (Million US\$)	1978 (Million US\$)
Sugar Exports	654	3820
Non-Sugar Exports	164	690
Total Exports	818	4510
Sugar/Total	79%	85%

Imports

Reflecting lagging domestic output, Cuba has increased its already excessive dependence on imports. Although pre- and post-Revolution data are not readily comparable, the following tabulation gives a general measure of Cuban capital dependence:

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	<u>1957-58 Average</u>	<u>1977</u>
	(Million US\$)	
Capital Goods Imports	230	1210
Gross Domestic Investment	470	3110

Ironically, Cuba's expanded capital base--one of the few successes in the economy--has led to increased dependence on imported raw materials and intermediate goods. Not only does Cuba import all its petroleum, but a major portion of its food as well.

#### Debt

Cuba's heavy trade dependence and export concentration have led to large trade imbalances (see Table 3). Export growth has been erratic despite high Soviet price subsidies. Imports have registered more steady growth but have counted on large Communist and Western trade credits to cover the difference between exports and imports.

As a result, Cuban international debt to both the Communist and non-Communist countries has increased dramatically. Even though much of Moscow's aid is now in the form of price subsidies, Cuba has incurred a debt to the USSR of about \$5.3 billion, to be repaid with Cuban exports over a 25-year period beginning in 1986. Cuban hard currency debt to the West had reached an estimated \$2.3 billion at the end of 1978--about three times its hard currency exports and close to Havana's borrowing limit. In addition, Havana still owes the United States \$1.8 billion for properties nationalized after the Revolution.

#### Implications

Although Cuba is somewhat insulated from the full effects of trade dependence and export concentration by guaranteed prices and markets in the USSR and Eastern

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Table 3

CUBAN FOREIGN TRADE

						Million US\$
	<u>1957</u>	<u>1959-70 Average</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
Total Exports (f.o.b.)	818	668	3660	3230	3553	4510
Communist Countries	42	427	2461	2443	2960	3836
USSR	42	258	2061	1965	2521	3295
Eastern Europe	Negl	91	286	347	329	404
Far East	Negl	78	114	131	110	137
Non-Communist Countries	776	241	1199	787	593	674
Total Imports (c.i.f.)	895	914	3860	3816	4188	4697
Communist Countries	2	622	1981	2230	2795	3723
USSR	Negl	432	1550	1788	2267	3060
Eastern Europe	2	105	311	351	437	515
Far East	Negl	85	120	91	91	148
Non-Communist Countries	893	292	1879	1586	1393	974
Trade Balance	-77	-246	-200	-586	-635	-187
Communist Countries	40	-195	480	213	165	113
USSR	42	-174	511	177	254	235
East Europe	-2	-14	-25	-4	-108	-111
Far East	Negl	-7	-6	40	19	-11
Non-Communist Countries	-117	-51	-680	-799	-800	-300

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Europe, it is still vulnerable to the large price swings on the world sugar market. In recent years low world sugar prices have forced a reduction in Cuban imports of capital and intermediate goods and thus resulted in consistent shortfalls in planned growth rates during the 1976-80 Five Year Plan.

Dependence on the USSR

Cuba's structural deficiencies and lack of economic growth have led to massive economic dependence on the USSR. Havana now depends on Moscow for about two-thirds of its total trade and on massive infusions of aid to meet its basic consumption and investment needs. Over the 1960-78 period Cuba received the equivalent of \$13.6 billion in Soviet aid in the form of (a) balance-of-payments and development loans amounting to \$5.3 billion (which it has not yet begun to repay) and (b) price subsidies for its sugar and nickel exports and its petroleum imports amounting to \$8.3 billion (See Table 4).

In 1978 Soviet aid amounted to \$3.0 billion--the equivalent of about one-quarter of estimated Cuban GNP and about one-third of total trade for the year. In addition, since 1975 Moscow has made hard currency purchases of \$1.0 billion of Cuban sugar.

Without Soviet economic aid, Cuba would experience a drastic reduction in domestic economic activity and have no hope for growth over the next several years. For example, without the Soviet subsidies in 1978, Cuba would have incurred a trade deficit of at least \$2.6 billion and defaulted on its obligations to the West (See Table 5). Without aid from Moscow, Cuba also would be forced to reduce its already austere standard of living; petroleum imports alone would consume about two-thirds of export revenues, leaving little room for imports of raw materials and intermediate goods. This import constraint and the inability to shift significant domestic expenditures would leave meaningful investment out of the question.

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TABLE 4

Cuba: Soviet Economic Assistance  
(Million US \$)

	<u>1960-70</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
Balance of Payments Aid	2,550	509	632	437	289	150	150	210	330
Trade and Development Aid	2,160	427	535	404	255	115	115	175	295
Interest Charges	166	57	69	0	0	0	0	0	0
Other Invisibles	224	25	28	33	34	35	35	35	35
Total Repayable Aid (Cumulative)	2,550	3,059	3,691	4,128	4,417	4,567	4,717	4,927	5,257
Subsidies*	1,018	56	0	150	407	901	1,357	1,772	2,640
Sugar Subsidy	1,018	56	0	97	NEGL	580	977	1,428	2,435
Petroleum Subsidy	0	0	0	0	369	290	362	328	165
Nickel Subsidy	0	0	0	53	38	31	18	16	40
Total Grants (Cumulative)	1,018	1,074	1,074	1,224	1,631	2,532	3,889	5,661	8,301
Total Economic Assistance (Cumulative)	3,568	4,133	4,765	5,352	6,048	7,099	8,606	10,588	13,558

\*The sugar and nickel subsidies are the estimated differences between the values of Cuban sugar and nickel exports to the USSR and the value of these exports if they had been sold at average world market prices. The petroleum subsidy reflects the difference between the value of Cuban petroleum purchases from the USSR and the value of these imports if they had been purchased at average world market prices.

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TABLE 5

Cuba: Foreign Trade Adjusted  
to Exclude Soviet Price Subsidies  
(Million US \$)

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
Exports f.o.b.	861	839	1,395	2,662	3,660	3,230	3,553	4,510
Less Soviet sugar and nickel subsidies	56	0	150	38	611	995	1,444	2,475
Adjusted exports	805	839	1,245	2,624	3,049	2,235	2,109	2,035
Imports c.i.f.	1,387	1,296	1,770	2,649	3,860	3,816	4,188	4,697
Plus Soviet oil subsidy	0	0	0	369	290	362	328	165
Adjusted imports	1,387	1,296	1,770	3,018	4,150	4,178	4,516	4,862
Trade balance	-526	-457	-375	13	-200	-586	-635	-187
Adjusted trade balance	-582	-457	-525	-394	-1,101	-1,943	-2,407	-2,827

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Castro recognizes that termination of Soviet aid would have major social and political implications as well. Young Cubans who have grown up under Castro expect some return on their parents' 20 years of sacrifice; failure to realize these expectations could result in serious strains on the Cuban Revolution and on Cuba's drive for Third World leadership.

Given Cuba's current development strategy, its ability to reduce significantly its dependence on the Soviet market is extremely limited. The prospect for expanding Cuban sugar markets in the West is poor and Cuban efforts to diversify exports are either seriously behind schedule or oriented to socialist markets. Cuban purchases in the West will thus continue to suffer from lagging export growth and inaccessability to Western credits.

## II. Socio-Economic and Political Performance

Cuba's economic shortfalls have been offset partially by its socio-economic and political achievements, including a major redistribution of income, elimination of overt unemployment and inflation, improved public health and education, and relative political stability. Nonetheless, even the successes have generated negative side effects: economic egalitarianism has stifled worker incentive, underemployment and inflation still exist but are disguised, and relative political stability has been achieved at the cost of a totalitarian state.

### Income Redistribution

The Cuban Revolution has given highest priority and recorded its greatest successes in effecting an egalitarian redistribution of wealth. Although the paucity of data inhibits a detailed quantitative assessment, there is substantial evidence that Cuba's income distribution pattern is one of the most egalitarian in the world and far superior to its Latin neighbors.

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Estimated Income Distribution

<u>Wage Earners by Quintile</u>	<u>Perfect Equality</u>	<u>Percentage of National Income Earned</u>		<u>Costa Rica</u>	<u>Mexico</u>
		<u>1953</u>	<u>1973</u>	<u>1971</u>	<u>1977</u>
I. ( 0-20%)	20%	2.1%	7.8%	3.3%	2.9%
II. (21-40%)	20%	4.1%	12.5%	8.7%	7.4%
III. (41-60%)	20%	11.0%	19.2%	13.3%	13.2%
IV. (61-80%)	20%	22.8%	25.5%	19.9%	22.0%
V. (81-100%)	20%	60.0%	35.0%	54.8%	54.4%

Redistribution of income has been carried out by a general equalization of wages; the nationalization of all sectors of the economy, except for small farms and some personal services; and the elimination of passive "unearned" income such as interest and rents.

Cuba has complemented its income redistribution with strict rationing and price subsidization of virtually all basic consumer necessities.

Selected Rationing Quantities  
Per Person

<u>Product</u>	<u>Quantity</u>	<u>Period</u>
Sugar	4 pounds	per month
Rice	5 pounds	per month
Meat	2 pounds	per month
Chicken	1.5 pounds	per month
Beans	6 ounces	per month
Cooking Oil	1.5 pounds	per month
Coffee	4 ounces	per month
Bread	8 ounces	per day
Mens Pants	1 pair	per year
Ladies Dress	1 dress	per year
Shoes	1 pair	per year
Cigarettes	2 packs	per week

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In addition, the Cuban economy subsidizes rents, public utilities, public transportation, and medical services. As a result, the average citizen pays only a nominal charge for these services and basic necessities are affordable to all citizens. Although the ration system has generally succeeded in equalizing access to limited supplies of foodstuffs and clothing, it does not guarantee that all of these items will be available in the authorized amounts--or at all. In fact, shortfalls have occurred with increasing frequency over the past year.

For all their success, these measures have had a detrimental effect on productivity, however. Private incentive has been stifled and the limited material incentives to produce have led to low labor productivity and high levels of worker absenteeism. In a recent interview, Fidel Castro openly acknowledged this when he stated, "For a long time we based all production efforts on exclusively moral incentives while disregarding the material ones. We used to pay everybody the same whether they produced two or three times what they should. We are not encouraging production. . . . It seemed as if enthusiasm could solve everything, but it's not enough."

As a result, the Castro regime has moved to wage differentials, including production bonuses, overtime pay, and work quotas. It has sought to increase the availability of some consumer goods through the creation of an unrationed "parallel" market, and it rewards exemplary workers with privileged access to such items as TVs and refrigerators.

#### Inflation in a Socialist Economy .

These egalitarian policies have protected, but not totally insulated, the Cuban consumer from the inflation experienced by the rest of the non-oil producing Third World. Despite rising world prices and growing domestic production costs, rationing and subsidies have resulted in fairly steady prices for basic foodstuffs and consumer goods on the official market. Because supplies are limited,

however, consumer demand has outpaced the official market, and Cubans have turned to the higher priced "parallel" and black markets. The "parallel" market--created by the government in the early 1970s to soak up excess purchasing power, bolster the sagging value of the peso, and combat the black market--has limited supplies, however. Consumers therefore are relying increasingly on a pervasive black market, which features prices five to ten times higher than official market levels. The vast price differentials can be seen in the following tabulation:

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Comparison of Prices in Official vs Illegal Markets

<u>Foodstuffs</u>	<u>Unit</u>	<u>Rationing Prices</u>	<u>Parallel Market Prices (Pesos)</u>	<u>Black Market</u>
Rice	per lb.	.20	not sold	2.00
Beef	per lb.	.58	not sold	8.00
Cooking Oil	per lb.	.24	not sold	3.00
Coffee	per lb.	.96	not sold	15.00
Bread	per lb.	.15	.15	not sold
Condensed Milk	per can	.20	not sold	1.00
Sugar	per lb.	.07	not sold	not sold
Eggs	per doz.	.96	not sold	not sold
Potatoes	per lb.	.07	not sold	1.50
Cigarettes	per pkg.	.20	1.80	1.00
Detergent	per lb.	.22	1.20	2.50
Rum	per liter	not sold	15.00	15.00
Levi Jeans	per pair	not sold	not sold	150.00
<u>Durables</u>				
Televisions		not sold	900.00	not sold
Refrigerators		not sold	550.00	not sold
Record Players		not sold	700.00	not sold
Radios		not sold	125.00	not sold

Employment

Another Cuban achievement admired in the Third World is the virtual elimination of overt unemployment, although this was not accomplished without cost. From a pre-Revolutionary rate of about 12 percent, unemployment declined steadily, reaching 1.3 percent in 1970 before rising again to a currently estimated 3 to 3.5 percent.

This relatively low rate was attained by a concerted effort to employ all who desire to work, the incorporation of school-age children into the educational system and of large numbers of males into the military, and the emigration of at least 100,000 workers. The full employment policy, however, has resulted in a decline in per capita productivity, underemployment, and redundant allocation of workers.

Cuba is beginning to experience some difficulty in maintaining near full employment; significant unemployment could reappear over the next decade. Reflecting a 1960s baby boom, the labor force will grow at least 3 percent annually in the 1980s. At the same time, employment opportunities will be restricted by lagging economic growth and by mechanization in the agricultural sector. As a result, Havana will have both the increased capability and incentive to send excess manpower overseas in search of jobs and income.

Education

The Cuban Revolution's achievements in education also are impressive by any standards. The Castro government effectively eliminated illiteracy within a few years. Cuba's literacy rate has risen to about 96 percent--the highest in Latin America and one of the highest in the world. Other educational indicators are also among the best in the Third World. This was accomplished by the doubling of the number of elementary schools, the implementation of an island-wide adult education program, and the mobilization of primary school age children in both urban and rural areas.

The educational program, however, suffers from poor quality and inefficiency; the quality has come under increasing criticism from the government itself. In addition, enrollment tends to drop drastically after primary school.

#### Public Health

One of the Revolution's most highly publicized successes has been in the public health sector. Building on a fairly well established pre-Revolutionary base, the Castro regime's commitment to upgrade and redistribute public health services has placed Cuba in the fore of the Third World and, in selected instances, on a par with developed countries.

In 1958, Cuban health standards were already superior to those of most Latin countries. For example, Cuba had one of the highest life expectancies at birth, one of the highest doctor/population ratios, and one of the lowest mortality rates. Nevertheless, serious deficiencies remained in the form of inadequate health care and nutritional standards for the poor and the rural population, and general emphasis on curative rather than preventive medicine.

Since the Revolution, Cuba has sustained the achievements of the pre-Castro period and recorded further successes. Life expectancy at birth has been raised to 72 years--the highest in Latin America and comparable to many developed countries--and the infant mortality rate has fallen precipitously to one of the lowest in the Third World.

Particularly impressive has been the eradication or reduction of diseases--polio, diphtheria, and malaria--and of nutritional deficiencies; these accounted for one-quarter of Cuban mortality in the pre-Revolutionary era. Although the doctor/population ratio has not increased because of the mass exodus of physicians in the early years of the Revolution, Cuba's ratio is still one of the best in the less developed world. Moreover, the ratio will improve dramatically over the next several years as large numbers of doctors are graduated. The distribution of medical services has

improved markedly in the rural areas. Prior to 1959, the majority of doctors and medical facilities were located in Cuba's two largest cities, Havana and Santiago de Cuba. Under the Castro regime, numerous medical clinics staffed by doctors, dentists, and nurses have been established in rural areas. Health services are made available to all at little or no charge.

Dietary improvement through guaranteed access to basic foodstuffs also has been a major factor in combating nutritional deficiencies and in increasing resistance to disease. In 1974, Cuba's daily per capita caloric intake was 2,712 calories--some 17 percent above the recommended requirement and 33 percent above the average of the least developed countries of the Third World.

#### Social Equality

Despite highly publicized progress toward social equality, the Revolution's record in this area is mixed. The commitment to equal opportunity has led to considerable material improvement for blacks and mulattos primarily through the widespread redistribution of income, full employment, and increased accessibility to public health services. Racial minorities have also benefitted from universal public education, and they no longer encounter blatant discrimination in the judicial process.

Nevertheless, the Revolution has failed to eliminate racism, and other forms of discrimination persist. Racism is still evident in social and political circles. Blacks and mulattos make up about 26 percent of the Cuban population but the Central Committee of the Communist Party contains only 11 percent--a ratio relatively unchanged since 1965 and only slightly above the 9.4 percent representation in the National Congress in 1945. In addition, religious discrimination has not been reduced and in some instances has become more blatant.

The Castro regime has also made a strong effort to reduce sex discrimination. Policy has focused on facilitating the entry of women into the labor market; it was implemented in the late 1960s when labor shortages began to appear. The establishment of day-care centers and the official encouragement of women to work outside the home have gradually expanded the female work force.

Percent of Women in Labor Force

<u>Year</u>	<u>Percentage</u>
1953	17.2
1970	23.8
1971	22.9
1972	21.8
1974	25.3
1975	28.0

This change has not extended to the upper echelons of the Cuban leadership, however. The original 1965 Central Committee was predominantly male; only 5 of its 100 members were women. Although the absolute number was slightly more than double in 1975, the percentage increased only to about 9 percent.

Sense of Nationhood

Perhaps one of the most unique and least quantifiable achievements of the Revolution is the development of a sense of nationhood throughout Cuba. This may be the factor more than any other that impresses Third World leaders. The Cuban Revolution has been able to instill this heretofore ephemeral ideal through the creation of a strong central government with the immensely charismatic Fidel Castro at the apex, and the incorporation of most of the populace into the mainstream of society through mass organizations that encompass every significant group in the nation: labor, youth, women, and farmers.

Prior to the Revolution, some rural Cubans had little or no sense of nationality. Some pockets were so remote that they could be reached only on foot or by boat. The inhabitants, without electricity or means of communication, were largely out of touch with any facet of national or local government and lived almost entirely outside the national economy. Castro's Revolution made them accessible through the construction of roads, exposed them to the communications media through networks of radio and television stations, and brought them government services through the establishment of schools and medical facilities. It gave them--as it did to the poor in urban areas and the lower class in general--a sense of participation in government and political life. Isolation or poverty were no bars to membership, and all sectors of the population were urged through propaganda campaigns and social pressure to join at least one of the groups. Membership became a sign of revolutionary commitment and a requirement for political, social, or financial advancement.

The sense of nationalism has been enhanced by Cuba's growing importance on the world stage. The average Cuban has derived considerable pride in his country's achievements in international sports and its leading role in the Nonaligned Movement. Despite some grumbling over the perceived costs of Cuba's military interventions, many citizens are proud of the nation's military prowess.

The Cuban citizenry is not always in total agreement with the government's policies, however. Over 500,000 Cubans, including most of the professional and managerial class, left the island in the 1960s and early 1970s because of their opposition to government policies. By permitting this emigration, Castro eliminated a potential opposition element of considerable size and simplified his efforts to forge a unified sense of national identity. The Cuban leader may again utilize emigration as a safety valve to relieve growing public unrest over deteriorating economic conditions.

### III. The Cuban Economy From Third World Perspective

Traditional measures of industrialized Western economic systems are less meaningful, however, to Third World leaders facing problems associated with underdevelopment. Many are impressed with the Castro regime's relative success in addressing such problems as:

- maldistribution of income, basic necessities, and public services.
- high unemployment, especially among the young who compose a large percentage of the population.
- low educational levels, especially in rural areas.
- public health deficiencies, particularly malnutrition and lack of medical facilities in rural areas.
- lack of national unity and discipline.

Thus, the Cuban Revolution has won wide admiration and respect in much of the Third World. Even those not wishing to emulate the Cuban model reluctantly recognize Havana's progress at home and its influence in international affairs.

Some of the least developed countries are Cuba's most ardent admirers. To them, Cuba's development model offers a welcome alternative to vestigial colonialism and accompanying economic and social ills. Faced with massive unemployment, galloping inflation, and mounting social unrest, these countries increasingly find the industrialized Western model unsuitable to their needs. They are impressed with Cuba's restructuring of its national institutions and generally ignore Havana's economic failures. Attracted to Cuba's political stability, social well-being, and strong sense of national purpose, they overlook the high level of assistance the Cuban system requires.

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The Castro regime cultivates its image, seldom missing an opportunity to publicize its successes or the failures associated with Western-oriented development. Foreign dignitaries are constantly paraded through examples of Cuba's successes in education, public health, economic equality, and popular discipline. Although its resources are limited, Havana also seeks to export its development model through a rapidly expanding foreign aid program of its own. Currently, some 15,000 Cuban civilians--primarily medical and educational personnel and construction workers--labor in over twenty Third World countries as part of Cuba's effort to expand its influence and earn sorely needed hard currency. A large portion of these services--particularly in medicine and education--are provided free of charge to the poorest of the LDCs.

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